

REPORT FOLLOW-UP

AGENCY: SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)

On October 4, 2004, the Legislative Services Office released an audit report for the Southeastern District Health Department for fiscal years 2002 and 2003. The District was contacted on December 22, 2004, and this follow-up report addresses how the District has responded to the two findings and recommendations contained in that report.

STATUS OF RECOMMENDATIONS:

Finding #1 – Internal controls over the computerized receipting system are inadequate. The Family and Community Health Division provides immunizations, screenings, education, counseling, and other health related services. After clients receive services, they are directed to the intake counter to make payment, make a donation, and/or arrange to be billed at a later time. The District's procedures lacked some key controls that help ensure money is not misappropriated. The control weaknesses identified were:

1. Employees did not always use their own computer logins and passwords.
2. All employees had access to change or delete client visit information and receivables without supervisor approval.
3. Client records indicated vaccines were administered, but the information was not entered into the computerized receipting system.
4. Computerized reports, available to monitor changes to electronic records, were not utilized.
5. No reviews were made of changes to transactions or accounts receivable adjustments.

We recommended that the District improve internal controls over receipting by: (1) requiring employees to use their own personal computer logins and passwords; (2) requiring supervisors to review and approve changes and adjustments; (3) documenting noted discrepancies and informing upper level management; (4) using computerized reports to monitor changes in client accounts; and (5) reviewing transactions and account receivable adjustments and deletions.

Audit Follow-up – The District has made improvements in its internal controls related to receipting. Specifically: (1) employees are required to use their own logins and passwords; (2) supervisors review and approve changes and adjustments; (3) written procedures are in place to document noted discrepancies and inform management; (4) computerized reports are used to monitor changes in client records and accounts; and (5) transaction and accounts receivable adjustments and deletions are reviewed.

Status – CLOSED

Finding #2 – Lack of monitoring some contracts resulted in over billing the Department of Health and Welfare and not voiding unissued food vouchers in a timely manner. The District received more than \$4.3 million from the Department of Health and Welfare through 65 different contracts during the audit period. Noncompliance with contract requirements was noted for three separate federal programs. In one instance, the District was reimbursed \$9,320 more than actual documented program costs. In another, the District billed and was paid for reporting costs of \$9,000; however, there were no documented expenditures to support the billings. Both agreements related to these billings specified that reimbursements were to be for actual costs not to exceed the contract amount. Also, the District did not void unissued food vouchers for the WIC program in a timely manner. State WIC program rules state that unissued checks are to be

voided by the last day of the month or within seven days, whichever is shorter, when the vouchers have not been picked up by the client. The District was not in compliance with this rule.

We recommended that the District improve contract monitoring and that they contact the Department of Health and Welfare regarding the disposition of the overdrawn funds.

Audit Follow-up – The District is monitoring contracts more closely to ensure contracts are not over billed. The over billed contracts have been discussed with the Department of Health and Welfare and the issues have been resolved. Also, the District is now destroying unissued food vouchers per WIC guidelines.

Status – CLOSED